April 30, 2012

Board of Governors of the
Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Attn: Jennifer J. Johnson, Secretary

Re: Proposed Rule: "Enhanced Prudential Standards and Early Remediation Requirements for Covered Companies"

Docket Number RIN 7100-AD-86

Dear Ladies and Gentlemen:

The undersigned companies, collectively the Property and Casualty Insurers Coalition (the "Coalition")[1], submit this letter in response to the above-referenced proposed rule, "Enhanced Prudential Standards and Early Remediation Requirements for Covered Companies" (the "Proposed Rule").

The Coalition has previously submitted comments to the Financial Stability Oversight Council ("FSOC") expressing the Coalition's view that the activities of traditional property and casualty insurers do not pose a threat to the financial stability of the United States and lack the requisite elements associated with contagions to the financial system. The Coalition believes that FSOC's recently announced final rule and interpretive guidance (adding Part 1310 to Title 12 of the Code of Federal Regulations), pursuant to which FSOC will make determinations regarding whether a nonbank financial company presents systemic risk to the financial stability of the United States, establishes criteria and standards that should, in all likelihood, confirm the Coalition's previously stated view.

Given the fact that for compelling economic and analytical reasons traditional property and casualty insurers should not (and, under FSOC's newly adopted rule, probably will not) be found to be systemically important, the application of the Proposed Rule may be moot with respect to traditional property and casualty insurers.

Nevertheless, the Coalition is concerned that the Proposed Rule perpetuates the use of a bank-centric regulatory framework and analysis for evaluating the financial condition of, and for supervising, all types of financial services companies, not just banks. This approach fails to recognize how differently in comparison to banks that traditional property and casualty insurers are organized, capitalized, and regulated and how differently they manage risk. More importantly, this approach fails to recognize that there are prudent reasons for these differences

[1] The Coalition, for purposes of this letter, consists of the following property and casualty insurers: ACE Group, Allstate Insurance Company, CNA, Liberty Mutual Group, Nationwide Insurance, and United Services Automobile Association.

reflecting the business activities conducted by insurance companies, compared with those of banks.

Therefore, the Coalition is submitting this comment letter to suggest this is a flawed approach, to the extent that it does not account for these material differences, and to urge the Board and other federal agencies implementing the Dodd Frank Wall Street Reform and Consumer Protection Act to correct this approach in connection with any future rulemakings, interpretive guidance, or decision making related to the ongoing implementation of the Dodd Frank Act.

In conclusion, as noted at the outset, while traditional property casualty insurers should not be determined to be systemically important, the bank focused standards contained in the Proposed Rule will result in enhanced prudential standards that simply are inapplicable to such property and casualty insurers. This analytic structure should be removed from the Proposed Rule and avoided in connection with any related rulemakings by the Board in the future.

Thank you for your consideration of the Coalition's comments.

For further information regarding the Coalition and these comments, please contact:

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